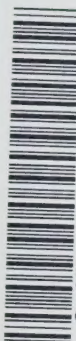


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PURCHASE AGREEMENT

Dated February 8, 1956

Between

Trans-Canada Pipe Lines Limited;
Tennessee Gas Transmission Company;
Canadian Gulf Oil Company;
Hudson's Bay Oil and Gas Company Ltd.

PURCHASE AGREEMENT

THIS AGREEMENT made the 8th day of February,
1956,

BETWEEN

TRANS-CANADA PIPE LINES LIMITED
(hereinafter called "Trans-Canada")

OF THE FIRST PART,

TENNESSEE GAS TRANSMISSION COMPANY
(hereinafter called "Tennessee")

OF THE SECOND PART,

CANADIAN GULF OIL COMPANY
(hereinafter called "Canadian Gulf")

OF THE THIRD PART

- and -

HUDSON'S BAY OIL AND GAS COMPANY LIMITED
(hereinafter called "Hudson's Bay")

OF THE FOURTH PART

WITNESSETH that in consideration of the mutual covenants and obligations hereinafter set forth it is hereby agreed and declared by and between the parties hereto as follows:

SECTION 1

In this agreement,

- (a) "the Subscribers" means Tennessee, Canadian Gulf and Hudson's Bay;
- (b) "the Western Group" means and includes International Utilities Corporation, N. T. Investments Limited (formerly Nesbitt, Thomson & Company Limited), Osler, Hammond & Nanton Limited, Wood, Gundy & Company Limited, The Calgary & Edmonton Corporation Limited;
- (c) "the Tennessee option agreement" means an agreement made as of the 1st day of November, 1955, between Tennessee and Trans-Canada whereby Trans-Canada granted to Tennessee an option to purchase treasury shares of Trans-Canada and agreed to offer


certain other shares to Canadian Gulf, and Tennessee agreed to place certain purchase orders for pipe required by Trans-Canada;

- (d) "the Western voting trust agreements" means and includes a certain voting trust agreement dated the 21st day of October, 1954 between the members of the Western Group, Anglo-Canadian Oil Company Limited and Montreal Trust Company with respect to shares of Trans-Canada and also a further voting trust agreement dated the 20th day of December, 1955 (which has not been fully executed by the parties thereto) expressed to be made between the members of the Western Group, Hudson's Bay, Anglo-Canadian Oil Company Limited and Montreal Trust Company.

SECTION II

Trans-Canada represents and warrants

- (a) that the authorized capital stock of Trans-Canada consists of 1,000,000 preferred shares of the par value of \$50 each and 10,000,000 common shares of the par value of \$1.00 each, of which at the date hereof 1,024,594 common shares have been subscribed for and issued and are fully paid; and
- (b) that at the date hereof there are no outstanding agreements or options with respect to treasury shares of Trans-Canada other than (i) the common shares covered by the Tennessee option agreement and (ii) not exceeding 115,000 common shares under option to certain officers of Trans-Canada and (iii) a block of 50,000 common shares which may be optioned or issued to employees as the directors of Trans-Canada see fit.



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- (c) that there are no outstanding contracts or commitments of Trans-Canada or its subsidiary Western Pipe Lines that have not been disclosed to the Subscribers and each of them.

SECTION III

(1) The Subscribers hereby agree, each with the others and with Trans-Canada, that not later than ten (10) days after the execution and delivery of this agreement, and subject to fulfilment of the conditions specified in Section VII hereof, the Subscribers will subscribe for and take up and pay for, in cash, at the price hereinafter specified, unissued (treasury) common shares of Trans-Canada in the following respective amounts:

Tennessee	307,291 common shares
Canadian Gulf	327,791 common shares
Hudson's Bay	268,507 common shares

(2) The subscription and issue price for all common shares subscribed for pursuant to Clause (1) of this Section III shall be the sum of Eight Dollars (\$8.00) per share payable in Canadian funds at par in Calgary, Alberta.

(3) Trans-Canada hereby agrees to accept all subscriptions received by it pursuant to Clauses (1) and (2) of this Section III and to allot and issue, as fully paid and non-assessable shares, the shares covered by such subscription forthwith upon payment therefor at the price and in the manner specified in Clause 2 of this Section.

(4) The obligations of the Subscribers under this Section are several (but not joint) obligations of each Subscriber with respect to the numbers of shares set opposite the name of

such Subscriber in Clause (1) of this Section.

SECTION IV

(1) Trans-Canada agrees, subject as hereinafter provided, that it will not issue, agree to issue, sell or offer for sale or grant any option with respect to or deal with in any manner, any of the presently unissued common shares of its capital stock to any person, firm or corporation (other than to the Subscribers pursuant to this agreement) unless and until all of the shares referred to in Clause (1) of Section III shall have been taken up and paid for by the Subscribers or the Subscribers or any of them are in default in respect of their obligations under Section III.

(2) Trans-Canada further agrees, subject as hereinafter provided, that any common shares in the capital stock of Trans-Canada offered or proposed to be issued by Trans-Canada after all of the shares referred to in Clause (1) of Section III have been taken up and paid for by the Subscribers and before public offering shall be offered to all the shareholders for the time being of Trans-Canada pro rata to their holdings of common shares of Trans-Canada at the time of each such offering.

(3) The provisions of Clauses (1) and (2) of this Section shall not apply with respect to any shares covered by the options referred to in subdivisions (ii) and (iii) of subparagraph (b) of Section II hereof.

SECTION V

Concurrently with the execution and delivery of this agreement, Tennessee, Canadian Gulf and Hudson's Bay shall

execute and deliver an option agreement in favour of Montreal Trust Company, in the terms of the draft option agreement hereto attached as Schedule 'A', providing for an option upon shares of Trans-Canada owned by Tennessee, Canadian Gulf and Hudson's Bay, such option to be exercisable at the times and subject to the conditions prescribed in the said agreement.

SECTION VI

Trans-Canada declares and agrees that its arrangements for the financing of the costs of construction of the west-east natural gas transmission line proposed to be built by Trans-Canada will include a public offering in Canada of common shares of Trans-Canada's presently unissued capital stock in an amount not less than fifty-one per cent (51%) of the total number of common shares of Trans-Canada to be outstanding after such offering has been made including the shares covered by such offering, and that it is Trans-Canada's intention to effect a wide distribution of such shares throughout Canada.

SECTION VII

Notwithstanding anything hereinbefore contained the obligations of Tennessee, Canadian Gulf and Hudson's Bay hereunder are conditional upon

- (a) the execution and delivery by all the shareholders of Trans-Canada of an agree-

ment in the terms of the draft letter agreement hereto attached as Schedule "B" providing for the approval of this agreement and the giving of certain undertakings by such shareholders as therein set forth; and

- (b) the execution and delivery of an agreement, in the terms of the draft agreement hereto attached as Schedule "C", cancelling the Western voting trust agreements, such agreement to be executed by the corporations named as parties to such agreement.

SECTION VIII

From and after the execution and delivery of this agreement and the option agreement referred to in Section V hereof and the agreements referred to in Section VII hereof, the provisions of Clauses 1, 3, 4, 5 and 6 of the Tennessee option agreement shall cease to have any force and effect and Tennessee and Canadian Gulf shall have no rights to subscribe for or purchase any shares of Trans-Canada under or by virtue of the terms of the Tennessee option agreement but nothing in this Section shall in any way affect the rights of Tennessee or Canadian Gulf to subscribe for or purchase shares of Trans-Canada pursuant to this agreement or shall in any way affect the provisions of Clause 2 of the Tennessee option agreement with respect to the placing of purchase orders for pipe, the

assignment of such purchase orders, the payment for the pipe covered by such purchase orders and matters incidental thereto.

SECTION IX

Any notice required or permitted to be given under the terms of this agreement may be given by telegram or by prepaid letter (sent either by air mail or by regular post) addressed to the party or parties for which it is intended at its or their address or addresses as set out below, namely:

In the case of -

<u>Trans-Canada</u>	-	P. O. Box 500, Calgary, Alberta.
<u>Tennessee</u>	-	c/o K. B. Palmer, Q.C., 2200 Canadian Bank of Commerce Bldg., Toronto, Ontario.
<u>Canadian Gulf</u>	-	P. O. Box 130, Calgary, Alberta.
<u>Hudson's Bay</u>	-	534 Eighth Avenue West, Calgary, Alberta.

Any such notice if sent by telegram shall be deemed to have been received on the next business day following the filing of such telegram, or if sent by letter either by air mail or by regular post on the third business day following the mailing of such letter. Any party may at any time give notice in writing to the others of a change of address of the party giving such notice and the address specified in such notice shall thereafter be deemed to be the address of such party until changed by a further notice in writing and so on from time to time.

SECTION X

This agreement may be executed in several counterparts

and in such event each of such counterparts shall be deemed to be an original and all of such counterparts shall be read together and shall be deemed to form one document.

SECTION XI

This agreement shall enure to the benefit of and shall be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF this agreement has been executed by the said parties.

TRANS-CANADA PIPE LINES LIMITED

by "N. E. Tanner" (C.S.)
"James C. Saks"

ATTEST: TENNESSEE GAS TRANSMISSION COMPANY

(C.S.)

"Sydney S. Bailey" by "Chas. A. Lingo"

ATTEST: CANADIAN GULF OIL COMPANY

(C.S.)

"J.K. Yarnell" by "E. D. Loughney"

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

by "R. C. Brown" (C.S.)
"K. H. Burgis"

SCHEDULE "A" to the annexed agreement dated the 8th day of February, 1956 between Trans-Canada Pipe Lines Limited, Tennessee Gas Transmission Company, Canadian Gulf Oil Company and Hudson's Bay Oil and Gas Company Limited.

THIS AGREEMENT made the 8th day of February, 1956,

BETWEEN:

CANADIAN GULF OIL COMPANY,
HUDSON'S BAY OIL AND GAS COMPANY
LIMITED and TENNESSEE GAS TRANS-
MISSION COMPANY, (such companies
being hereinafter collectively
called the "Optionors" and singularly
called an "Optionor")

OF THE FIRST PART

MONTREAL TRUST COMPANY, as
Trustee for the offerees
(hereinafter called the "Trust
Company")

OF THE SECOND PART

-and-

TRANS-CANADA PIPE LINES LIMITED
(hereinafter called "Trans-Canada")

OF THE THIRD PART.

WITNESSETH THAT:

WHEREAS the Optionors are parties to an agreement made the 8th day of February, 1956, with Trans-Canada which agreement provides inter alia that the Optionors shall each subscribe for common shares in the capital stock of Trans-Canada;

AND WHEREAS in connection with the making of the aforementioned agreement each of the Optionors has agreed to

grant to the Trust Company (as trustee) the right or option to purchase common shares in the capital stock of Trans-Canada owned by the Optionors upon the terms and subject to the conditions hereinafter set forth;

NOW THEREFORE in consideration of the sum of Five Dollars (\$5.00) of lawful money of Canada now paid by the Trust Company to each of the Optionors (the receipt of which is hereby acknowledged by each of the Optionors) and for other good and valuable consideration it is hereby agreed and declared by and between the parties hereto as follows:

1. In this agreement:

(a) "shares" means common shares in the capital stock of Trans-Canada;

(b) "offerees" means and is limited to International Utilities Corporation; N.T. Investments Limited; Osler, Hammond & Nanton Limited; Wood, Gundy & Company Limited; The Calgary & Edmonton Corporation Limited; Montreal Trust Company (as trustee for Canadian Delhi Oil Ltd. in respect of shares now owned by that company but subject to an option), and Canadian Delhi Oil Ltd.,;

(c) "date of filing" means the date on which a prospectus relating to a public offering of shares is accepted for filing by the Ontario Securities Commission;

(d) "date of option" means the date selected by the Optionors as the commencement of the option period, subject as hereinafter provided;

(e) "option period" means the period, commencing with the date of option, during which the option hereinafter referred to may be exercised.

2. (a) Each Optionor hereby grants to the Trust Company, only in its capacity as Trustee, the right and option (the option so granted by the three Optionors being herein collectively called the "Option") to purchase (but only during the option period) 38,563 shares held by such Optionor (such shares being hereinafter referred to as the "optioned shares"). Each offeree shall be entitled to be offered by the Trust Company optioned shares in proportion to its present holdings of shares.

(b) The purchase price per share of the optioned shares shall be an amount (payable in Canadian funds at par in Calgary, Alberta) equal to the total of the following:

- (i) an amount per share equal to Eight Dollars (\$8.00) plus interest at the rate of four and one-half percent (4-1/2%) per annum from the date of this agreement to 52 days after the date of option.
- (ii) the amount per share of any transfer tax payable;
- (iii) an amount per share sufficient in the aggregate to pay in full the fees and expenses of the Trust Company in the performance of its duties hereunder;

(c) Within four (4) days following the date of filing Trans-Canada shall give notice to the Trust Company of the date of filing and the Trust Company shall forthwith give a similar notice to each offeree and to each Optionor. The Optionors shall give written notice to the Trust Company (and a copy of such notice to each offeree) of the date of option (which date shall be a date not less than two (2) days after the giving of such notice and not later than three (3) years after the date

of filing) and the Trust Company shall forthwith give written notice of the date of option to each of the offerees. If the Optionors shall not specify as the date of option a date within three (3) years from the date of filing, the date which shall be three (3) years after the date of filing shall be deemed to be the date of option for all purposes of this agreement. Each offeree shall have 30 days from the date of option within which to notify the Trust Company of the number of optioned shares it intends to take up and, within 45 days following the date of option, notice of intention to exercise in whole or in part the Option (hereinafter referred to as the "notice of election") shall be given by the Trust Company to the Optionors and upon receipt by the Optionors of the notice of election, or upon the expiration of the said period of 45 days if no notice of election is received by the Optionors during such period, the Option shall expire as to such of the optioned shares in respect of which the Option has not been exercised.

3. Within seven (7) days following receipt of the notice of election the Optionors agree to assign and transfer to the Trust Company their respective proportions of a number of shares (and to deliver to the Trust Company certificates, duly endorsed for transfer, representing such shares) sufficient to satisfy the number of optioned shares in respect of which the Option has been exercised and the Trust Company shall (subject to the provisions of paragraph 4 hereof), against

payment in full therefor, assign and transfer to each offeree the number of optioned shares that such offeree has notified the Trust Company of its intention to take up and shall deliver to such offeree certificates, duly endorsed for transfer, representing the shares taken up by such offeree.

4. Notwithstanding the provisions of paragraph 3 hereof, if any of the optioned shares shall not have been taken up and paid for within 60 days following the date of option the Trust Company upon the expiration of the said 60 day period shall assign and transfer to the Optionors their respective proportions of the number of shares not so taken up and paid for and shall deliver to the Optionors certificates, duly endorsed for transfer, representing such shares.

5. The Trust Company agrees to accept payment on behalf of the Optionors of any sums paid by the offerees representing the purchase price of the optioned shares (other than those sums which represent that portion of the said purchase price referred to in subsection (iii) of sub-paragraph (b) of paragraph 2 hereof which sums the Trust Company shall accept for its own account) and to pay to each of the Optionors their proportion of all such sums within sixty (60) days after the date of the option.

6. Any notice required or permitted to be given under the terms of this agreement may be given by telegram or by prepaid letter (sent either by air mail or by regular post) addressed to the party or parties for which it is intended

at its or their address or addresses as set out below, namely:

Canadian Gulf Oil Company,
P. O. Box 130,
Calgary, Alberta.

Hudson's Bay Oil and Gas Company Limited,
534 Eighth Avenue West,
Calgary, Alberta.

Tennessee Gas Transmission Company,
c/o K. B. Palmer, Q. C.,
2200 Canadian Bank of Commerce Bldg.,
Toronto, Ontario.

Montreal Trust Company,
Eighth Avenue at Third Street W.,
Calgary, Alberta.

Trans-Canada Pipe Lines Limited,
P. O. Box 500,
Calgary, Alberta.

Any such notice if sent by telegram shall be deemed to have been received on the next day following the filing of such telegram or if sent by letter either by air mail or by regular post on the fourth day following the mailing of such letter. Any party may at any time give notice in writing to the others of a change of address of the party giving such notice and the address of such party until changed by a further notice in writing and so on from time to time.

7. The Trust Company agrees to be bound by the provisions of this agreement but the Trust Company shall incur no liability for anything done in pursuance of its duties hereunder or in relation hereto unless the same shall happen by or through the wilful default or neglect of the Trust Company.

8. Time shall be of the essence of this agreement.

9. This agreement shall be binding upon the respective

successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be duly executed in several counterparts by their properly authorized officers.

ATTEST: CANADIAN GULF OIL COMPANY

_____ by _____

HUDSON'S BAY OIL AND GAS COMPANY
LIMITED

by _____

ATTEST: TENNESSEE GAS TRANSMISSION COMPANY

_____ by _____

MONTREAL TRUST COMPANY

by _____

TRANS-CANADA PIPE LINES LIMITED

by _____

SCHEDULE "B" to the annexed agreement
dated the 8th day of February, 1956
between Trans-Canada Pipe Lines Limited,
Tennessee Gas Transmission Company,
Canadian Gulf Oil Company and Hudson's
Bay Oil and Gas Company Limited.

TO

TENNESSEE GAS TRANSMISSION COMPANY ("Tennessee")

CANADIAN GULF OIL COMPANY ("Canadian Gulf")

HUDSON'S BAY OIL AND GAS COMPANY LIMITED ("Hudson's
Bay")

The undersigned being all shareholders of Trans-Canada Pipe Lines Limited of record as of February 8, 1956 hereby acknowledge and declare that they have notice of all the terms of and that they approve and confirm the agreement (hereinafter called the "Purchase Agreement") between Trans-Canada Pipe Lines Limited ("Trans-Canada") and yourselves bearing even date herewith with respect to the subscription by you for shares of the capital stock of Trans-Canada and other matters contained therein, and that in consideration of your entering into the Purchase Agreement the undersigned have agreed and do hereby covenant and agree

(a) that the undersigned and the directors of Trans-Canada will take the necessary steps

- (i) to increase the number of directors of Trans-Canada to eighteen (18);
- (ii) to elect a nominee of Canadian Gulf and a nominee of Hudson's Bay as directors of Trans-Canada; and
- (iii) to establish an executive committee which shall have the powers set out in the draft by-law hereto attached.

shall consist of eight (8) members and shall include the President and the Executive Vice-President of Trans-Canada, a nominee from each of Tennessee, Hudson's Bay, Canadian Gulf and Canadian Delbi Oil Ltd. and two nominees from the Western Group as defined in the Purchase Agreement.

(b) that the provisions of the Purchase Agreement and of this agreement shall apply notwithstanding the provisions of any other contract or agreement between any of the parties hereto and any other person, firm or corporation whether or not a party to this agreement.

This agreement shall be binding upon the respective heirs and successors of the parties hereto.

DATED as of the 8th day of February, 1956.

ATTEST:

CANADIAN DELHI OIL LTD.

by _____

MONTREAL TRUST COMPANY

by _____

as a registered shareholder and
as agent for

INTERNATIONAL UTILITIES CORPORATION
N. T. INVESTMENTS LIMITED
OSLER, HAMMOND & NANTON LIMITED
WOOD, GUNDY & COMPANY LIMITED
THE CALGARY & EDMONTON CORPORATION
LIMITED
HUDSON'S BAY OIL AND GAS COMPANY
LIMITED
ANGLO-CANADIAN OIL COMPANY LIMITED
CANADIAN DELHI OIL LTD.

WITNESS:

Mrs. N. E. Tanner

Edouard Asselin

E. W. Bickle

G. Peter Campbell

Charles S. Coates

M. A. MacPherson

John K. McCausland

H. R. Milner

C. W. Murchison

A. Deane Nesbitt

Gordon P. Osler

F. A. Schultz

John R. Fell

H. Gardiner Symonds

N. E. Tanner

Jules R. Timmins

J. Ross Tolmie

We, Nathan E. Tanner and James C. Saks, being Presi-

deht and Asst. Secretary respectively of Trans-Canada Pipe Lines Limited, hereby certify that the parties who have executed this agreement are all of the shareholders of Trans-Canada Pipe Lines Limited of record as of February 8, 1956.

N. E. Tanner
President Trans-Canada Pipe Lines
Limited

James C. Saks, Asst. Secretary
Trans-Canada Pipe Lines Limited

BE IT ENACTED and it is hereby enacted as a by-law of Trans-Canada Pipe Lines Limited (hereinafter called "the Company") as follows:

1. The board of directors may elect from the directors an executive committee. Unless otherwise ordered by the board of directors each member of the executive committee shall continue to be a member thereof until the expiration of his term of office as a director.

2. The board of directors shall fill vacancies in the executive committee by election from the directors and at all times it shall be the duty of the board of directors to keep the membership of such committee complete.

3. During the intervals between the meetings of the board of directors the executive committee shall possess and may exercise (subject to any regulations which the directors may from time to time make) all the powers of the board of directors in the management and direction of the operations of the Company (save and except only such acts as must by law be performed by the directors themselves) in such manner as the executive committee shall deem best for the interests of the Company in all cases in which specific directions shall not have been given by the board of directors. All action by the executive committee shall be reported to the board of directors at its meeting next succeeding such action and shall be subject to revision or alteration by the board of directors; provided that no acts or rights of third parties shall be affected or invalidated by any such revision or alteration.

4. The executive committee shall (subject to the provisions of this by-law) fix its own rules of procedure from time to time and shall meet where and as provided by such rules or by resolution of the board of directors but in every case the presence of a majority of the members of the executive committee shall be necessary to constitute a quorum.

5. The chairman of the board of directors shall ex officio be chairman of the executive committee. Unless otherwise ordered by the executive committee the secretary of the Company shall be the secretary of the executive committee.

6. The executive committee shall consist of eight members. The members of the executive committee shall be the President and Executive Vice President of the Company, a nominee from each of Tennessee Gas Transmission Company, Hudson's Bay Oil and Gas Company Limited, Canadian Gulf Oil Company and Canadian Delhi Oil Ltd. and two nominees from the Western Group, as defined in the Purchase Agreement dated 8 February, 1956, and made between the Company, Tennessee Gas Transmission Company, Canadian Gulf Oil Company and Hudson's Bay Oil and Gas Company Limited.

7. The members of the executive committee shall be entitled to receive such remuneration for acting as members of the executive committee as the board of directors may from time to time determine.

8. Any action by the executive committee is manifested and

SCHEDULE "C" to the annexed agreement
dated the 8th day of February, 1956
between Trans-Canada Pipe Lines Limited,
Tennessee Gas Transmission Company,
Canadian Gulf Oil Company and Hudson's
Bay Oil and Gas Company Limited.

THIS AGREEMENT made as of the 9th day of February,

1956,

BETWEEN:

INTERNATIONAL UTILITIES CORPORATION

(hereinafter referred to as "International")

OF THE FIRST PART

N.T. INVESTMENTS LIMITED, formerly known
as Nesbitt, Thomson & Company Limited

(hereinafter referred to as "N.T.")

OF THE SECOND PART,

OSLER, HAMMOND & NANTON LIMITED

(hereinafter referred to as "Osler")

OF THE THIRD PART,

WOOD, GUNDY & COMPANY LIMITED

(hereinafter referred to as "Wood")

OF THE FOURTH PART,

THE CALGARY & EDMONTON CORPORATION LIMITED

(hereinafter referred to as "C & E")

OF THE FIFTH PART,

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

(hereinafter referred to as "Hudson's Bay")

OF THE SIXTH PART,

ANGLO-CANADIAN OIL COMPANY LIMITED

(hereinafter referred to as "Anglo")

OF THE SEVENTH PART,

CANADIAN DELHI OIL LTD.

(hereinafter referred to as "Delhi")

OF THE EIGHTH PART,

-and-

MONTREAL TRUST COMPANY

(hereinafter referred to as the "Trustee")

OF THE NINTH PART

WITNESSETH THAT

WHEREAS International, N.T., Osler, Wood, Anglo,

C & E and the Trustee were parties to an agreement (hereinafter

referred to as the "first voting trust agreement") made as of the 21st day of October, 1954 under the terms of which certain common shares in the capital stock of Trans-Canada Pipe Lines Limited were registered in the name of the Trustee to be held in trust pursuant to the provisions of the first voting trust agreement;

AND WHEREAS International, N.T., Osler, Wood, C & E, Hudson's Bay, Anglo and the Trustee are named as parties to an agreement (hereinafter referred to as the "second voting trust agreement") dated the 20th day of December, 1955 and purporting, inter alia, to terminate and replace the first voting trust agreement but at the date hereof the second voting trust agreement has not been fully executed by the parties thereto;

AND WHEREAS the parties hereto are desirous of terminating both the first voting trust agreement and the second voting trust agreement;

AND WHEREAS at the date hereof there are registered in the name of the Trustee 502,047 common shares in the capital stock of Trans-Canada including 58,919 common shares covered by an option granted pursuant to the agreement dated January 12, 1954 hereinafter referred to;

NOW THEREFORE it is hereby agreed and declared by and between the parties hereto as follows:

1. The parties hereto other than Hudson's Bay hereby consent to the termination of the first voting trust agreement and the first voting trust agreement is hereby terminated.

2. The parties hereto hereby consent to the termination of the second voting trust agreement and the second voting trust agreement is hereby terminated.

3. Except as herein expressly provided, and as set forth in a certain letter to Tennessee, Hudson's Bay, and Canadian Gulf dated as of the 8th day of February, 1956, and signed by all shareholders of Trans-Canada of record as of the 8th day of February, 1956, nothing herein contained shall be deemed to invalidate or affect the agreement dated January 12, 1954 (and the agreements supplemental thereto) made between International, Nesbitt, Thomson & Company Limited (acting as agent for N.T.) Osler, Wood, Anglo, C & E and Canadian Delhi Oil Ltd., respecting the merger of the undertakings of Western Pipe Lines and Trans-Canada Pipe Lines Limited.

4. The Trustee shall forthwith distribute all common shares in the capital stock of Trans-Canada held by it as trustee under the first voting trust agreement, the second voting trust agreement and/or the said agreement dated January 12, 1954, and any agreements supplemental thereto (exclusive of the 58,919 common shares covered by the above-mentioned option) as follows:

To International	129,568 shares
To N.T.	71,183 shares
To Osler	61,896 shares
To Wood	86,378 shares
To C & E	34,090 shares
To Hudson's Bay	59,284 shares
To Anglo	729 shares
Total	443,128 shares

5. The Trustee shall continue to hold registered in its name the 58,919 common shares of Trans-Canada covered by the above-mentioned option (hereinafter referred to as "optioned shares") upon the terms provided in the said agreement dated January 12, 1954 and agreements supplemental thereto, it being hereby agreed, however, that the following parties only or their respective nominees (hereinafter collectively referred to as "Optionees") are entitled to exercise the said option in respect of the following numbers of optioned shares:

C & E	5,357 shares
Osler	16,069 shares
International	16,069 shares
Wood	10,712 shares
N.T.	10,712 shares
<hr/>	
Total	58,919 shares
<hr/>	

If any one or more of such five parties is not desirous of exercising its option in whole or in part it shall give at least 90 days written notice to each of the other said parties prior to the expiration of the option, and such parties shall, in proportion to their respective interests in the said 58,919 shares as listed above, be entitled to exercise the option on their own behalf.

6. Delhi hereby agrees that the option granted by the said agreement dated January 12, 1954 continues in full effect upon the terms provided in the said agreement and may be exercised by the Optionees in respect of the numbers of optioned shares set out in Clause 5 hereof.

7. Each of the parties hereto (other than the Trustee) hereby appoints Montreal Trust Company as its agent to sign on its behalf an agreement in the terms of the draft letter agreement attached as Schedule B to the agreement made the 8th day of February, 1956 between Trans-Canada Pipe Lines Limited, Tennessee Gas Transmission Company, Canadian Gulf Oil Company and Hudson's Bay.

8. This agreement shall enure to the benefit of and shall be binding upon the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be duly executed in several counterparts by their properly authorized officers.

ATTEST:

INTERNATIONAL UTILITIES CORPORATION

by _____

HUDSON'S BAY OIL AND GAS
COMPANY LIMITED

by _____

N. T. INVESTMENTS LIMITED

by _____

ANGLO-CANADIAN OIL COMPANY
LIMITED

by _____

(Liquidator)

OSLER, HAMMOND & NANTON LIMITED

by _____

CANADIAN DELHI OIL LTD.

by _____

WOOD, GUNDY & COMPANY LIMITED

by _____

MONTREAL TRUST COMPANY

by _____

THE CALGARY & EDMONTON CORPORATION
LIMITED

by _____

evidenced by the signatures of all of the members of the executive committee without their meeting together shall have the same force, effect and validity as if such action had been taken at a formal meeting of the executive committee at which a quorum was present.

BE IT ENACTED this day of , 1956.



USE ACCO PAPER

FASTENERS FOR BINDING

ACCOPRESS BINDER

No. BP 2507

MADE BY
ACCO CANADIAN CO. LIMITED
TORONTO, ONTARIO

